

**House File 2057 - Introduced**

HOUSE FILE 2057

BY MURPHY

**A BILL FOR**

1 An Act establishing a veteran employment tax credit pilot  
2 project for individual and corporate income taxpayers and  
3 franchise taxpayers who hire and employ qualified veterans  
4 and including effective date and applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11L Veteran employment tax  
2 credit.

3 1. As used in this section, unless the context otherwise  
4 requires:

5 a. "*Full-time basis*" means an average of forty hours of work  
6 per week, including all paid holidays, vacations, sick leave,  
7 and other paid leave.

8 b. "*Qualified veteran*" means an individual who meets all the  
9 following requirements:

10 (1) The individual is a veteran, as defined in section 35.1,  
11 subsection 2.

12 (2) The individual is totally unemployed, as defined in  
13 section 96.19, subsection 38, paragraph "a", prior to being  
14 hired for employment which qualifies for the tax credit under  
15 this section.

16 2. a. The taxes imposed under this division, less the  
17 credits allowed under section 422.12, shall be reduced by a  
18 veteran employment tax credit for a taxpayer who hires and  
19 employs a qualified veteran on a full-time basis in this state  
20 on or after the effective date of this Act. The credit shall be  
21 equal to the following amounts:

22 (1) Five hundred eighty dollars if the qualified veteran  
23 is employed by the taxpayer for one hundred eighty consecutive  
24 days.

25 (2) Five hundred eighty dollars if the qualified veteran is  
26 employed by the taxpayer for eighteen consecutive months

27 b. The aggregate total amount of tax credit certificates  
28 that may be issued by the department under paragraph "a" shall  
29 not exceed five hundred eighty thousand dollars. The aggregate  
30 total amount of tax credit certificates that may be issued by  
31 the department under paragraph "b" shall not exceed five hundred  
32 eighty thousand dollars.

33 3. The credit shall not be allowed for a qualified veteran  
34 who was hired to replace an individual whose employment  
35 was terminated within the twelve-month period preceding

1 the date the veteran is hired. However, if the individual  
2 being replaced left employment voluntarily without good  
3 cause attributable to the employer or if the individual was  
4 discharged for misconduct in connection with the individual's  
5 employment as determined by the department of workforce  
6 development, the credit shall be allowed.

7 4. To receive the veteran employment tax credit, a taxpayer  
8 must submit an application to the department, made in the  
9 manner and form prescribed by the department. If the taxpayer  
10 meets the criteria for eligibility, the department shall issue  
11 to the taxpayer a tax certificate for the veteran employment  
12 tax credit. The certificate shall contain the taxpayer's  
13 name, address, tax identification number, the amount of the  
14 credit, the tax year for which the certificate applies, and  
15 an expiration date for the certificate. The taxpayer must  
16 file the tax credit certificate with the taxpayer's income tax  
17 return in order to claim the tax credit.

18 5. Tax credit certificates shall be issued on an earliest  
19 filed basis. A taxpayer who fails to apply for and receive a  
20 tax credit certificate under subsection 2, paragraph "a", for a  
21 qualified veteran shall be ineligible to receive a tax credit  
22 for that qualified veteran under subsection 2, paragraph "b".

23 6. Any credit in excess of the tax liability shall be  
24 refunded. In lieu of claiming a refund, a taxpayer may  
25 elect to have the overpayment shown on the taxpayer's final,  
26 completed return credited to the tax liability for the  
27 following tax year.

28 7. An individual may claim the tax credit allowed a  
29 partnership, limited liability company, S corporation, estate,  
30 or trust electing to have the income taxed directly to the  
31 individual. The amount claimed by the individual shall be  
32 based upon the pro rata share of the individual's earnings of  
33 the partnership, limited liability company, S corporation,  
34 estate, or trust.

35 8. This section is repealed June 30, 2016, or thirty days

1 following the date on which one million one hundred sixty  
2 thousand dollars in total credits have been allowed, whichever  
3 is earlier.

4 Sec. 2. Section 422.33, Code Supplement 2011, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 29. *a.* The taxes imposed under this  
7 division shall be reduced by a veteran employment tax credit  
8 allowed under section 422.11L.

9 *b.* This subsection is subject to repeal pursuant to section  
10 422.11L, subsection 8.

11 Sec. 3. Section 422.60, Code Supplement 2011, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 14. *a.* The taxes imposed under this  
14 division shall be reduced by a veteran employment tax credit  
15 authorized pursuant to section 422.11L.

16 *b.* This subsection is subject to repeal pursuant to section  
17 422.11L, subsection 8.

18 Sec. 4. PILOT PROJECT — EVALUATION. The tax credit  
19 provided in this Act for taxpayers who hire and employ  
20 qualified veterans is viewed as a pilot project to gauge  
21 the feasibility of using such an approach to increase the  
22 employment of veterans in this state.

23 The department of workforce development and the department  
24 of revenue shall review and evaluate the pilot project  
25 established in this Act and determine the benefits to the  
26 state. A report from each department shall be filed with  
27 the general assembly no later than January 15, 2014, and  
28 shall contain its evaluation and recommendations, especially  
29 with regard to the creation of a permanent qualified veteran  
30 employment tax credit as part of the state's effort to increase  
31 the employment of veterans in this state. However, the  
32 departments may file a joint report if this would prove more  
33 beneficial to the general assembly and the evaluation of the  
34 pilot project.

35 Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of

1 immediate importance, takes effect upon enactment.

2     Sec. 6. APPLICABILITY. This Act applies to qualified  
3 veterans hired on or after the effective date of this Act.

4

EXPLANATION

5     This bill provides a refundable individual and corporate  
6 income tax credit and franchise tax credit for the hiring and  
7 employment of qualified veterans in this state. "Qualified  
8 veteran" is defined as an individual who is a veteran and is  
9 totally unemployed.

10     The credit is available to a taxpayer who hires and employs  
11 a qualified veteran for employment on a full-time basis in this  
12 state on or after the effective date of the bill. "Full-time"  
13 basis is defined as an average of 40 hours of work per week.  
14 The credit is available in two parts. The first part of the  
15 credit is equal to \$580 if the qualified veteran is employed  
16 by the taxpayer for 180 consecutive days. The second part  
17 is equal to \$580 if the qualified veteran is employed by the  
18 taxpayer for 18 consecutive months. The second part of the  
19 credit is unavailable to a taxpayer for the employment of a  
20 qualified veteran if the taxpayer did not receive the first  
21 part of the credit for that particular qualified veteran.

22     The credit is not allowed if the qualified veteran was  
23 hired to replace an individual whose employment was terminated  
24 within the 12-month period preceding the date the qualified  
25 veteran was hired, unless the individual left employment  
26 voluntarily without good cause attributable to the employer or  
27 was discharged for misconduct as determined by the department  
28 of workforce development.

29     To receive the tax credit, a taxpayer must submit an  
30 application to the department of revenue and receive a tax  
31 credit certificate, then attach the certificate to the  
32 taxpayer's tax return.

33     The total amount of tax credits that may be issued by the  
34 department of revenue shall not exceed \$580,000 for each  
35 part of the credit, for a total of \$1,160,000. Tax credit

1 certificates shall be issued on an earliest filed basis.

2 An individual may claim the tax credit allowed a  
3 partnership, limited liability company, S corporation, estate,  
4 or trust electing to have the income taxed directly to the  
5 individual. The amount claimed by the individual shall be  
6 based upon the pro rata share of the individual's earnings of  
7 the partnership, limited liability company, S corporation,  
8 estate, or trust.

9 The credit is repealed on June 30, 2016, or 30 days following  
10 the date on which \$1,160,000 in total credits have been  
11 provided, whichever is earlier.

12 The bill provides that the veteran employment tax credit  
13 is a pilot project to gauge the feasibility of using such an  
14 approach to increase the employment of veterans in this state.  
15 The department of workforce development and the department of  
16 revenue are required to evaluate the pilot project and submit  
17 a joint or separate report to the general assembly no later  
18 than January 15, 2014. The report shall contain evaluations  
19 and recommendations with regard to the creation of a permanent  
20 qualified veteran employment tax credit as part of the state's  
21 effort to increase employment of veterans in this state.

22 The bill takes effect upon enactment and applies to  
23 qualified veterans hired on or after that date.